

City Budget Quiz

1. Three-quarters of the City's General Fund (discretionary funds) come from:
 - a. property tax, building permit fees, and hotel/motel tax.
 - b. property tax, sales tax, and vehicle license fees.
 - c. sales tax, recreation fees, and traffic tickets.
 - d. car washes, bake sales, and candy sales.
2. What is the average monthly property tax paid per household that goes toward City services?
 - a. \$3 b. \$33 c. \$333 d. None of the above
3. The City's annual cost for a single streetlight is:
 - a. \$0.75
 - b. \$7.50
 - c. \$75.00
 - d. None of the above; street lights grow naturally in Northern California.
4. How many police officers are on the street in patrol at any given time?
 - a. 10-20 b. 20-30 c. 30-40 d. 40-60
5. For every dollar spent on taxable goods in Fremont, how much of the sales tax stays in Fremont to help pay for City services?
 - a. One cent b. Two cents c. Five cents d. Eight cents
6. The Vehicle License Fee (the car tax):
 - a. was raised to historically high levels during 2003.
 - b. has always paid for state programs like education and highways.
 - c. has been a local revenue source for local services since the 1930s.
 - d. all of the above
7. 90% of the City's General Fund tax resources are used for:
 - a. parks and recreation, library, and senior services.
 - b. police, fire, and maintenance of streets and parks.
 - c. welfare, jails, and medical care.
 - d. the mayor's salary.
8. The City spends about \$13 million on emergency medical services. Approximately how much of this amount is supported by the paramedic tax?
 - a. 8% b. 18% c. 80% d. 100%
9. In order to balance the FY 2003/04 budget, the City had to cut the budget by:
 - a. 2%
 - b. 10%
 - c. 20%
 - d. No cuts were necessary; the money tree in Central Park is healthy this year.
10. Retail development is part of the City's plan for long-term financial health. On average, approximately how much sales tax is generated annually for Fremont by a typical big-box store (for example: Target, Fry's, Home Depot)?
 - a. \$30,000 - \$50,000
 - b. \$300,000 - \$500,000
 - c. \$3,000,000 - \$5,000,000
 - d. None, sales tax doesn't apply to consumer goods.

How much do you know about the City's budget?



Test your knowledge by completing our Budget Quiz. The answers are printed at the bottom of the page. For an in-depth explanation of each answer, please visit the City's website at www.fremont.gov/CurrentNews.



Budget Quiz Answers

1. (b) About three-quarters of the City's money for services comes from just three sources: property taxes, sales taxes, and vehicle license fees. Most importantly, all of these revenues are controlled by the state. The State has taken or threatened to take each of these revenues to solve its budget problem. Property tax comprises a little more than one-third, sales tax comprises a little less than one-third.
2. (b) The average household pays only \$33 per month for City services. This is only 15% of the total property tax paid. The rest goes to schools, the County, special districts (like BART and East Bay Regional Parks) and the library.

Fremont receives a smaller share of the property tax paid by property owners than other communities do, which means we have less money to spend on services. For example, Fremont receives 15% of property tax paid, Pleasanton receives 25%, Oakland receives 27%, and Berkeley receives 33%.

Proposition 13 transferred tax distribution authority to Sacramento. Subsequent legislation locked in rates so that those cities with historically low taxes (like Fremont) received a smaller share of property taxes than cities like Berkeley, which always had high taxes. The effect was to give cities that charged high taxes more revenue than cities that had held taxes down. This was an ironic outcome for a Proposition that voters passed to limit the discretion of local governments which had allowed their tax revenues rise at the same rate as the assessed value of homes in the high inflation economy of the mid 1970s.

3. (c) The annual cost for a single streetlight is about \$75.00. The City has 16,500 streetlights.
4. (a) At any given time, there are 10-20 police officers on the street in patrol. This takes into consideration daily shift changes between police officers on patrol.
5. (a) For every dollar you spend in Fremont, only one penny stays in Fremont for basic police, fire, and maintenance services. We all pay 8.25% sales tax on goods we purchase. But only a small share of that sales tax (1% of the purchase price) stays in Fremont.
6. (c) Vehicle License Fees (the car tax) have always been a local revenue. Since 1935 cities and counties have received the VLF in lieu of locally collected property taxes on vehicles. VLF is our third largest revenue source after property taxes and sales taxes, providing about \$12 million annually for police and fire services.

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Answers

In 1998, the Legislature and Governor reduced the fee paid by consumers on their vehicles by 25%. Subsequent legislation increased the tax cut to 67.5%. When the State reduced the VLF, they promised to keep cities and counties whole by backfilling the revenues from the State's General Fund. The City has already lost more than \$3 million this year due to the State's failure to keep its commitment and reimburse local government for lost VLF revenues. If the State is unable to keep its promises to cities and counties, Fremont could lose about \$8 million more per year.

7. **(b)** The City's core services are police, fire, maintenance, and land use planning. We spend the vast majority (about 90%) of our budget on these basic services.

Other services, like recreation, land use planning, building inspection, and senior services receive very little tax support and rely heavily on grants and fees charged for services. We charge fees for services whenever we can clearly identify who receives the service (e.g. building permit or recreation class), so that we can preserve tax dollars for general services that benefit the entire community.

8. **(a)** Fremont property owners pay a paramedic tax. Currently this tax is about \$13.50 per household, and raises about \$1,000,000 per year, or about 8% of total costs for paramedic services.
9. **(c)** The budget this year is 20% (\$22 million) less than the level required to continue services at FY 2002/03 levels. The budget eliminated 20% of the workforce (224 positions: 59 temps., 165 permanent). All areas of service experienced cuts ranging from 10% in the Police and Fire departments to 30% or more in Recreation, Human Services, and the City Manager's Office. **Staffing levels** per capita are the lowest they have been in the City's history and are much lower than cities with which we are frequently compared, such as Oakland, San Jose, Pleasanton, and Palo Alto.

Consequences of budget cuts we've had to make:

- Police resources focused on patrol; street crimes unit, animal control, and prevention programs eliminated.
- In the Fire department, we have had to close one engine company and implement rolling closures for this year based on where demand is least. Further, dispatch services have been outsourced, and prevention efforts have been curtailed
- In maintenance, fewer potholes are being fixed, it will take much longer and ultimately cost more to resurface streets. Trash may overflow in outlying parks as we focus park maintenance resources on Central Park.
- We had to cut support for social services by nearly 20%
- Library hours that the City had been supporting have been eliminated
- We have had to postpone construction of a 2nd senior center.

Budget Quiz

Answers

10. **(b)** On average, big-box retailers such as Target, Fry's, and Home Depot generate \$300,000 - \$400,000 per year for the City of Fremont. This is very important revenue for us, which is why we are aggressively pursuing retail opportunities as part of our plan for long-term financial health.

It is important to acknowledge, however, that **retail development alone will not solve our ongoing imbalance** between revenues and expenditures. The City completed a retail study in 2001 that determined that Fremont loses about \$1 billion of retail sales to other communities, which means that Fremont residents do a lot of their shopping elsewhere. Even if the City could capture all of the \$1 billion in sales, which is practically impossible, the City would gain \$10,000,000 in sales tax revenue. While this revenue will definitely help our revenue base, it has limited potential. WE STILL NEED MORE REVENUE.